



# Cathedra

## **Cathedra Bitcoin Inc.**

**(formerly Fortress Technologies Inc.)**

### **Consolidated Financial Statements**

Year ended December 31, 2021

(In Canadian Dollars)





**Cathedra Bitcoin Inc.**  
(formerly Fortress Technologies Inc.)  
**Consolidated Statements of Financial Position**  
(In Canadian Dollars)

	December 31, 2021	December 31, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 9,443,618	\$ 7,048,050
Digital currencies (Note 4)	9,924,292	6,179,792
Receivables	90,197	17,662
Accrued GIC interest receivable	6,055	54,450
Prepaid expenses	19,749	37,469
Deposits (Note 6)	18,749,494	-
Biological assets (Note 5)	163,297	-
	<b>38,396,702</b>	<b>13,337,423</b>
Deposits (Note 6)	199,331	200,174
Property and equipment (Note 7)	18,715,533	2,747,867
Intangible assets	4,797	-
Right-of-use asset (Note 8)	552,560	695,103
Investments (Note 10)	312,925	-
Deferred income tax assets (Note 15)	185,889	-
<b>Total assets</b>	<b>\$ 58,367,737</b>	<b>\$ 16,980,567</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 2,484,412	\$ 254,279
Interest payable (Note 12)	148,151	-
Income taxes payable (Note 15)	1,316,493	-
Current portion of loan payable (Note 11)	555,720	-
Current portion of lease liability (Note 8)	128,934	119,560
	<b>4,633,710</b>	<b>373,839</b>
<b>Non-current liabilities</b>		
Lease liability (Note 8)	447,538	578,927
Loan payable (Note 11)	349,632	-
Convertible loan (Note 12)	18,349,701	-
<b>Total liabilities</b>	<b>23,780,581</b>	<b>952,766</b>
<b>Equity</b>		
Share capital (Note 13)	29,570,903	21,172,219
Reserves (Note 13)	11,730,611	5,829,280
Deficit	(6,714,358)	(10,973,698)
<b>Total equity</b>	<b>34,587,156</b>	<b>16,027,801</b>
<b>Total liabilities and equity</b>	<b>\$ 58,367,737</b>	<b>\$ 16,980,567</b>

Nature of operations (Note 1)  
Subsequent events (Note 20)

Approved by the Board of Directors and authorized for issue on April 27, 2022:

“Antonin Scalia” Director

“David Jaques” Director



# Cathedra Bitcoin Inc.

(formerly Fortress Technologies Inc.)

## Consolidated Statements of Income and Comprehensive Income

(In Canadian Dollars)

	Year ended December 31, 2021	Year ended December 31, 2020 (Restated Note 3)
<b>Revenue (Note 4)</b>	<b>\$ 7,801,311</b>	<b>\$ 1,026,329</b>
<b>Cost of revenue</b>		
Operating costs	(3,683,625)	(943,143)
Depreciation (Notes 7 and 8)	(2,285,704)	(346,588)
Gross profit (loss)	1,831,982	(263,402)
<b>Gain (loss) on sale of digital currencies</b>	<b>2,707,800</b>	<b>-</b>
<b>Operating expenses</b>		
Agricultural expenses	41,250	-
Director fees (Note 14)	195,067	168,000
Depreciation (Note 7)	17,210	2,117
Interest expense	96,380	4,701
Management and consulting fees (Note 14)	124,014	84,375
Office and administration	1,015,716	198,103
Professional fees (Note 14)	454,944	324,464
Repairs and maintenance	1,893	-
Salaries and wages (Note 14)	66,192	-
Share-based compensation (Note 13 and 14)	1,024,147	-
Transaction costs	46,649	98,460
	<b>(3,083,462)</b>	<b>(880,220)</b>
<b>Operating income</b>	<b>1,456,320</b>	<b>(1,143,622)</b>
Interest income	35,832	105,589
Impairment recovery (Note 7)	-	2,519,521
Foreign exchange gains (losses)	356,564	(39,407)
Sales tax recovery	-	70,977
	<b>392,396</b>	<b>2,656,680</b>
Income before income taxes	1,848,716	1,513,058
Income tax expense (Note 15)		
Current income tax expense (Note 15)	(1,316,493)	-
Deferred income tax recovery (Note 15)	185,889	-
	<b>(1,130,604)</b>	<b>-</b>
<b>Net income</b>	<b>718,112</b>	<b>1,513,058</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Translation adjustment	37,384	140,800
Revaluation gain on digital currencies (Note 3)	1,128,548	3,541,228
	<b>1,165,932</b>	<b>3,682,028</b>
<b>Net comprehensive income</b>	<b>\$ 1,884,044</b>	<b>\$ 5,195,086</b>
<b>Basic earnings per share</b>	<b>\$ 0.01</b>	<b>\$ 0.02</b>
Weighted average number of common shares outstanding - basic	81,223,535	70,110,561
<b>Diluted earnings per share</b>	<b>\$ 0.01</b>	<b>\$ 0.02</b>
Weighted average number of common shares outstanding - diluted	112,753,153	71,070,628

The accompanying notes are an integral part of these consolidated financial statements.



**Cathedra Bitcoin Inc.**  
**(formerly Fortress Technologies Inc.)**  
**Consolidated Statements of Changes in Equity**  
(In Canadian Dollars)

	Number of shares	Capital amount	Revaluation surplus (Restated Note 3)	Reserve - Cumulative translation adjustment	Reserve - Equity reserved	Accumulated deficit (Restated Note 3)	Total
Balance, December 31, 2019	71,177,984	\$ 21,367,543	\$ -	\$ 739,752	\$ 1,407,500	\$ (12,486,756)	\$ 11,028,039
Shares repurchased and cancelled (Note 13)	(1,450,000)	(195,324)	-	-	-	-	(195,324)
Translation adjustment	-	-	-	140,800	-	-	140,800
Revaluation gain on digital currencies	-	-	3,541,228	-	-	-	3,541,228
Net income for the year	-	-	-	-	-	1,513,058	1,513,058
<b>Balance, December 31, 2020</b>	<b>69,727,984</b>	<b>\$ 21,172,219</b>	<b>\$ 3,541,228</b>	<b>\$ 880,552</b>	<b>\$ 1,407,500</b>	<b>\$ (10,973,698)</b>	<b>\$ 16,027,801</b>
Units issued for private placement (Note 13)	14,794,700	9,320,661	-	-	-	-	9,320,661
Share issuance costs (Note 13)	-	(1,305,842)	-	-	578,705	-	(727,137)
Exercise of stock options (Note 13)	1,700,000	383,865	-	-	(125,865)	-	258,000
Share based compensation	-	-	-	-	1,024,147	-	1,024,147
Equity portion of convertible loan (Note 12)	-	-	-	-	6,799,640	-	6,799,640
Translation adjustment	-	-	-	37,384	-	-	37,384
Realized revaluation gain on digital currencies transfer	-	-	(3,541,228)	-	-	3,541,228	-
Revaluation gain on digital currencies	-	-	1,128,548	-	-	-	1,128,548
Net income for the year	-	-	-	-	-	718,112	718,112
<b>Balance, December 31, 2021</b>	<b>86,222,684</b>	<b>\$ 29,570,903</b>	<b>\$ 1,128,548</b>	<b>\$ 917,936</b>	<b>\$ 9,684,127</b>	<b>\$ (6,714,358)</b>	<b>\$ 34,587,156</b>

*The accompanying notes are an integral part of these consolidated financial statements.*



**Cathedral Bitcoin Inc.**  
**(formerly Fortress Technologies Inc.)**  
**Consolidated Statements of Cash Flows**  
(In Canadian Dollars)

	<i>Year ended December 31, 2021</i>	<i>Year ended December 31, 2020 (Restated Note 3)</i>
<b>Operating activities</b>		
Net income	\$ 718,112	\$ 1,513,058
Depreciation	2,302,914	348,705
Share-based compensation	1,024,147	-
Impairment recovery	-	(2,519,521)
Interest accretion	392,131	4,701
Interest income	(35,832)	(97,821)
Gain on sale of digital currencies	(2,707,800)	-
Foreign exchange	(356,564)	(16,864)
Current income tax expense	1,316,493	-
Deferred income tax expense	(185,889)	-
Change in non-cash working capital components		
Deposits	(18,497,090)	(89,517)
Receivables	(72,536)	11,289
Prepaid expenses	17,636	102,250
Biological assets	(163,297)	-
Accounts payables and accrued liabilities	528,369	53,230
Interest payable	148,151	-
Digital currencies	(3,744,500)	(2,638,564)
Cash flows used in operating activities	(19,315,555)	(3,329,054)
Interest received	84,227	131,923
<b>Net cash flows used in operating activities</b>	<b>(19,231,328)</b>	<b>(3,197,131)</b>
<b>Investing activities</b>		
Purchase of property and equipment (Note 7)	(18,020,096)	-
Investments	(312,925)	-
Intangible assets	(5,140)	-
Shares repurchased and cancelled (Note 13)	-	(195,324)
Proceeds on sale of bitcoin	9,770,321	-
Purchase of bitcoin	(3,823,914)	-
<b>Cash used in investing activities</b>	<b>(12,391,754)</b>	<b>(195,324)</b>
<b>Financing activities</b>		
Proceeds on issuance of units (Note 13)	9,320,661	-
Proceeds from exercise of stock options (Note 13)	258,000	-
Proceeds from convertible loan, net of transaction costs (Note 11)	24,836,390	-
Proceeds from loan payable, net of transaction costs (Note 11)	930,924	-
Share issuance costs (Note 13)	(727,137)	-
Payment on lease liability	(168,497)	(7,172)
<b>Cash provided by financing activities</b>	<b>34,450,341</b>	<b>(7,172)</b>
<b>Change in cash during the year</b>	<b>2,827,259</b>	<b>(3,399,627)</b>
Effect of exchange rate changes on cash	(431,691)	153,729
<b>Cash, beginning of year</b>	<b>7,048,050</b>	<b>10,293,948</b>
<b>Cash, end of year</b>	<b>\$ 9,443,618</b>	<b>\$ 7,048,050</b>
<b>Cash and cash equivalents consists of:</b>		
Cash	\$ 7,045,403	\$ 512,435
Guaranteed investment certificate	\$ 2,398,215	\$ 6,535,615
<b>Non-cash transactions</b>		
Property and equipment in accounts payable and accrued liabilities	\$ 1,218,564	\$ -
Broker's warrants	\$ 125,865	\$ -
Realized revaluation gain on digital currencies transfer	\$ 3,531,288	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

# Cathedra Bitcoin Inc.

(formerly Fortress Technologies Inc.)

## Notes to the Consolidated Financial Statements

Year ended December 31, 2021

(In Canadian Dollars)



### 1. Nature of Operations

Cathedra Bitcoin Inc. (formerly Fortress Technologies Inc.) (the “Company” or “Cathedra”) was incorporated under the Business Corporations Act (Ontario) on July 13, 2011. The Company’s registered and records office is located at 320 – 638 Broughton Street, Vancouver, British Columbia, Canada, V6G 3K3. The Company’s common shares are listed under the symbol “CBIT” (formerly “FORT”) on the TSX Venture Exchange and “CBTTF” on the OTC Markets Group Inc.

In Washington State, Cathedra operates a two-megawatt (“MW”) bitcoin mine that produces approximately 32 petahashes per second (“PH/s”) of bitcoin mining hash rate and is powered by grid electricity (the “Washington Mine”). In North Dakota, the Company owns 11 bitcoin mining containers totaling approximately 5.5 MW and 145 PH/s of bitcoin mining hash rate (the “North Dakota Mine”). These containers are powered by natural gas that would otherwise be flared into the atmosphere. As of December 31, 2021, the Company had approximately 177 PH/s of active bitcoin mining hash rate between the Washington Mine and North Dakota Mine. Cathedra has purchased an additional bitcoin mining container that will be deployed at the North Dakota Mine subsequent to year end for an approximately 13 PH/s of additional bitcoin mining hash rate.

The outbreak of the coronavirus, also known as “COVID-19” has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company’s business activities. The extent to which the coronavirus may impact the Company’s business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. The effect of these events did not have a significant impact to the Company’s operations.

### 2. Significant Accounting Policies

#### Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Reporting Interpretation Committee (“IFRIC”) for all periods presented.

The consolidated financial statements were approved by the Board of Directors of the Company on April 27, 2022.

# Cathedra Bitcoin Inc.

(formerly Fortress Technologies Inc.)

## Notes to the Consolidated Financial Statements

Year ended December 31, 2021

(In Canadian Dollars)



## 2. Significant Accounting Policies (cont'd)

### Basis of Presentation

These consolidated financial statements have been prepared on an accrual basis and are based on historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below.

### Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, which are controlled by the Company. Control is achieved when the parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has all of the following: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect its returns.

The financial statements of the subsidiaries are included in these financial statements from the date that control commences until the date that control ceases. All significant inter-company balances and transactions are eliminated on consolidation.

As of December 31, 2021, the Company had the following wholly-owned subsidiaries:

- Fortress Blockchain Holdings Corp. incorporated in the province of BC;
- The Good Shepherd Land and Livestock Company Limited ("TGS") incorporated in England and Wales, UK;

Fortress Blockchain Holdings Corp. has the following wholly-owned subsidiary:

- Fortress Blockchain (US) Holdings Corp. ("Fortress US") incorporated in Washington, USA.

Fortress US has the following wholly-owned subsidiaries:

- Hephaestus Bitcoin SPV LLC ("Hephaestus") incorporated in Washington, USA;
- Chronos Bitcoin SPV LLC ("Chronos") incorporated in Washington, USA; and
- Entelechy Bitcoin SPV LLC ("Entelechy") incorporated in Washington, USA.

### Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

The functional currency of Fortress and Fortress Blockchain Holdings Corp. is the Canadian dollar while the functional currency of Fortress US, Hephaestus, Chronos and Entelechy is the US dollar and TGS is the UK Sterling.

# Cathedra Bitcoin Inc.

(formerly Fortress Technologies Inc.)

## Notes to the Consolidated Financial Statements

Year ended December 31, 2021

(In Canadian Dollars)



## 2. Significant Accounting Policies (cont'd)

### Comprehensive income (loss)

Total comprehensive income (loss) comprises all components of profit or loss and other comprehensive income (loss). Other comprehensive income (loss) includes gains and losses from translating the financial statements of an entity's whose functional currency differs from the presentation currency.

### Critical Accounting Estimates, Judgments and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

#### Significant Judgments

##### *Revenue recognition*

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly termed "cryptocurrency mining". As consideration for these services, the Company receives digital currency from each specific network in which it participates ("coins"). Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt, based on the daily average from [www.blockchain.info](http://www.blockchain.info).

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the production and mining of digital currencies, and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of revenue for mining of digital currencies. Management has examined various factors surrounding the substance of the Company's operations and the guidance in IFRS 15, Revenue from Contracts with Customers, including the stage of completion being the completion and addition of block to a blockchain and the reliability of the measurement of the digital currency received. In the event authoritative guidance is enacted by the IASB or IFRIC, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings.



# Cathedra Bitcoin Inc.

(formerly Fortress Technologies Inc.)

## Notes to the Consolidated Financial Statements

Year ended December 31, 2021

(In Canadian Dollars)



## 2. Significant Accounting Policies (cont'd)

### Critical Accounting Estimates, Judgments and Assumptions (cont'd)

#### Significant Estimates

##### *Fair value of financial instruments*

The individual fair value attributed to the different components of a financing transaction is determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of the issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. The valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of the instrument that are not quoted in active market.

##### *Depreciation*

Depreciation of the assets in the cryptocurrency data center is based on an estimate of the assets' expected life. In order to determine the useful life of the assets in the cryptocurrency mining center, assumptions are required about a range of computing industry market and economic factors, including global hash rates dedicated to proof of work mining, network difficulty, technological changes, release and availability of newer and more efficient hardware and other inputs, and production costs. Based on the data that management has reviewed, management has determined to use the straight-line method of amortization over three years, to best reflect the current expected useful life of mining equipment. Management will review its estimates and assumptions at each reporting date and will revise its assumptions if new information supports the change.

##### *Impairment of non-financial assets*

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions. Recoverable amounts are also sensitive to assumptions about the future usefulness of in-process development and the related marketing rights.

##### *Taxes*

The determination of the Company's tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities, the deferral and deductibility of certain items and interpretation of the treatment for tax purposes of digital currencies by taxation authorities. Management also makes estimates of future earnings, which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payments of taxes. The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

# Cathedra Bitcoin Inc.

(formerly Fortress Technologies Inc.)

## Notes to the Consolidated Financial Statements

Year ended December 31, 2021

(In Canadian Dollars)



## 2. Significant Accounting Policies (cont'd)

### Critical Accounting Estimates, Judgments and Assumptions (cont'd)

Significant Estimates (cont'd)

#### *Digital currency valuation*

Digital currency denominated assets are included in current assets. Digital currencies are carried at their fair value determined by the spot rate based on the daily average from <https://www.blockchain.com/en/charts/market-price> ("blockchain.com"). The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies would have a significant impact on the Company's earnings and financial position.

#### *Share based compensation*

The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, officers, employees and consultants. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the calculation of the share-based compensation; however, the most significant estimate is the volatility. Expected future volatility can be difficult to estimate as the Company has had limited history, is in a unique industry, and historical volatility is not necessarily indicative of future volatility.

Areas of significant estimates and judgments also include:

- Collectability of receivables
- Completeness of accounts payable and accrued liabilities
- Valuation of right of use assets and lease liability
- Valuation of convertible loans
- Valuation of biological assets
- Going concern

### Cash and cash equivalents

Cash and cash equivalents include cash, and short-term money market instruments that are readily convertible to cash.

### Revenue recognition

The Company recognizes revenue in accordance with IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). Revenue is recorded at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

# Cathedra Bitcoin Inc.

(formerly Fortress Technologies Inc.)

## Notes to the Consolidated Financial Statements

Year ended December 31, 2021

(In Canadian Dollars)



## 2. Significant Accounting Policies (cont'd)

### Revenue recognition (cont'd)

The principles in IFRS 15 are applied using the following five steps:

1. Identify the contract(s) with a customer
2. Identify the performance obligation in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation The Company has concluded that the recognition and measurement of the sale of products in all contracts is consistent with the current revenue recognition practice and therefore does not expect any transitional adjustment.

### *Mining revenue*

The Company recognizes revenue from the provision of transaction verification services within digital currency blockchains, commonly termed “cryptocurrency mining”. As consideration for these services, the Company receives digital currency from each specific blockchain in which it participates (“coins”). Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt, based on the daily average from blockchain.com for Bitcoin. A coin is considered earned on the completion and addition of a block to the blockchain, at which time the economic benefit is received and can be reliably measured.

### Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Cost includes all expenditures incurred to bring assets to the location and condition necessary for them to be operated in the manner intended by management. Equipment under production and miners not available for use will be amortized once they are completed and are ready for use.

Miners	straight-line basis over a 3-year life
Facility Asset	straight-line basis over a 5-year life
Equipment	straight-line basis over a 5-year life
Office equipment	straight-line basis over a 3-year life
Washington Mine (right of use asset)	straight-line basis over a 5-year life

### Intangible assets

Intangible assets include the entitlements bought with the land in UK. Definite life intangible assets are measured at cost less accumulated depreciation and any net accumulated impairment losses. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives over 5 years.

Indefinite life intangibles are tested for impairment annually and required when circumstances indicate that the net carrying value may not be recoverable. The Company does not recognize any indefinite life intangibles other than its digital currencies which is discussed below.

# Cathedra Bitcoin Inc.

(formerly Fortress Technologies Inc.)

## Notes to the Consolidated Financial Statements

Year ended December 31, 2021

(In Canadian Dollars)



### 2. Significant Accounting Policies (cont'd)

Upon recognition of an intangible asset, the Company determines if the asset has a definite or indefinite life. In making this determination, the Company considers the expected use, expiry of agreements, the nature of the asset, and whether the value of the asset decreases over time.

#### Biological Assets

The Company, through its subsidiary TGS, operates a livestock farm. Biological assets are measured at each reporting date, at fair value less costs to sell, except when fair value cannot be reliably measured. If fair value cannot be reliably measured, biological assets are measured at cost less depreciation and impairment losses. Although a reliable measure of fair value may not be available at the point of initial recognition, it may subsequently become available. In such circumstances, biological assets are measured at fair value less costs to sell from the point at which the reliable measure of fair value becomes available. Gains and losses that arise on measuring biological assets at fair value less costs to sell are recognized in profit or loss in the period in which they arise. Costs to sell include all costs that would be necessary to sell the biological assets, including costs necessary to get the biological assets to market. The Company distinguishes between mature and immature biological assets. Mature biological assets are those that have attained harvestable specifications. Immature biological assets are those assets other than mature biological assets.

Management uses estimates over the future price per sheep, foreign exchange rates, and estimated weight and cost of sheep at maturity in the determination of fair value. To the extent that actual values differ from estimates, biological assets, net earnings and comprehensive income will be affected in future periods.

#### Investments

The Company analyzes its private equity investment holdings for changes in fair value at each reporting period. The Company uses significant judgement in reviewing internally and externally available financial information to determine if there are indicators that the fair value of the holdings have changed. Changes to the estimated fair value may affect the value of investment asset, and comprehensive income in future periods. The Company does not have controlling interest or significant influence in its investments.

#### Reserves

Equity reserves include amounts related to share issuance costs, share based compensation and foreign exchange translation adjustments.

#### Unit Placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to their fair value and any residual in the proceeds is allocated to the warrants.

# Cathedra Bitcoin Inc.

(formerly Fortress Technologies Inc.)

## Notes to the Consolidated Financial Statements

Year ended December 31, 2021

(In Canadian Dollars)



## 2. Significant Accounting Policies (cont'd)

### Share-based Compensation

The Company operates a stock option plan and restricted share unit ("RSU") plan. Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black-Scholes pricing model which incorporates all market vesting conditions on grant date. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

### Impairment of Non-financial Assets

The Company reviews the carrying amounts of its non-financial assets, including property and equipment, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Assets carried at fair value, such as digital currencies, are excluded from impairment analysis.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of asset or cash generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less cost to sell is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available, fair value less costs to sell can be estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is reduced to its recoverable amount, an impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

### Convertible Loan

A convertible loan is considered to be a compound financial instrument which requires assessment to determine if it contains a liability and an equity component related to the conversion feature. When the conversion feature is for a variable number of shares, there is no equity component but rather is a potential embedded derivative. An embedded derivative is a component of a hybrid contract that also includes a nonderivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

# Cathedra Bitcoin Inc.

(formerly Fortress Technologies Inc.)

## Notes to the Consolidated Financial Statements

Year ended December 31, 2021

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## 2. Significant Accounting Policies (cont'd)

### Convertible Loan (cont'd)

An embedded derivative cause some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, or other variable.

The host instrument is accounted for as a hybrid instrument with a debt component and a separate embedded derivative component classified as an equity. The initial carrying amount of the host instrument is the residual amount after separating the embedded derivative which is measured at fair value.

The debt component is subsequently accounted for at amortized cost using the effective interest rate method. The embedded derivative is subsequently measured at fair value at each reporting date, with gains and losses in fair value recognized in profit or loss.

Transaction costs that relate to the issue of the convertible loan are allocated to the liability component and embedded derivative component in proportion to the allocation of the gross proceeds. Transaction costs relating to the embedded derivative liability component are included in the equity component and transaction costs relating to the financial liability component are included in the carrying amount of the liability component and are amortized over the expected life of the convertible loan using the effective interest method.

### Earnings (Loss) per Share

Earnings (Loss) per share is computed by dividing net income (loss) attributable to equity holders of the Company by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if additional common shares are assumed to be issued under securities that entitle their holders to obtain common shares in the future. For stock options and share purchase warrants, the number of additional shares for inclusion in diluted earnings per share calculations is determined when the exercise price is less than the average market price of the Company's common shares; the stock options and share purchase warrants are assumed to be exercised and the proceeds are used to repurchase common shares at the average market price for the period. The incremental number of common shares issued under stock options and repurchased from proceeds is included in the calculation of diluted earnings per share.

### Financial Instruments

Financial instruments are accounted for in accordance with IFRS 9, "Financial Instruments: Classification and Measurement". A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

# Cathedra Bitcoin Inc.

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## 2. Significant Accounting Policies (cont'd)

### Financial Instruments (cont'd)

#### *Financial assets*

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL. Receivables and accrued GIC interest receivable are measured at amortized cost.

#### *Impairment of financial assets*

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

#### *Financial liabilities*

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

# Cathedra Bitcoin Inc.

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## 2. Significant Accounting Policies (cont'd)

### *Financial liabilities (cont'd)*

Accounts payable, interest payable, and convertible debentures are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

### **Non-monetary transactions**

In the normal course of its business, the Company enters into non-monetary transactions. These non-monetary transactions, which are otherwise payable in cash, are accounted for at their fair market value. Non-monetary transactions consist of digital currencies based payments made of donations as well as mining fees. Payments are measured at fair value using the price of the digital currencies provided on the date of issuance.

### **IFRS 16 – Leases**

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a lease liability and a right-of-use asset at the lease commencement date. The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.



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## 2. Significant Accounting Policies (cont'd)

### IFRS 16 – Leases (cont'd)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the following:

- the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for property and equipment, from the commencement date to the earlier of the end of its useful life or the end of the lease term. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are presented as property and equipment and the lease liabilities are presented as loans on the consolidated statement of financial position.

The Company does not recognize right-of-use assets and lease liabilities for the short-term leases that have a lease term of 12 months or less.

### Income Taxes

Income tax expense is comprised of current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

Current tax expense represents the amount of income taxes payable, in respect of the taxable profit for the period, based on tax law that is enacted or substantially enacted at the reporting date, and is adjusted for changes in estimates of tax expense recognized in prior periods. A current tax liability or asset is recognized for income tax payable, or paid but recoverable in respect of all periods to date.

The Company uses the asset and liability method of accounting for income taxes. Accordingly, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years when those temporary differences are expected to be recovered or settled and in the manner in which those temporary differences are expected to be recovered or settled through

# Cathedra Bitcoin Inc.

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## 2. Significant Accounting Policies (cont'd)

### Income Taxes (cont'd)

sale or continued use. In addition, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period in which the enactment or substantive enactment takes place.

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences, to the extent that it is probable that future taxable income will be available to utilize such amounts. Deferred tax assets are reviewed at each reporting date and are adjusted to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

## 3. Changes in Accounting Policies

### Digital Currencies

The Company changed its accounting policy for its digital currencies under IAS 38, *Intangible Assets*. Prior to this change, the Company accounted for its digital currencies as inventory as the Company has assessed that it acts in a capacity as a commodity broker trader as defined in IAS 2, *Inventories*, in characterizing its digital currencies. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin, such assets are accounted for as inventory, and changes in fair value (less costs to sell) are recognized in profit or loss.

The Company now accounts for its digital currencies on hand at the end of a reporting period, if any, under IAS 38, *Intangible Assets*, as an intangible asset with an indefinite useful life initially measured at cost, deemed to be the fair value upon receipt, and subsequently measured under the revaluation model. Under the revaluation model, increases in the digital currencies' carrying amount is recognized in other comprehensive income and under accumulated other comprehensive income in equity. However, increases are recognized in profit or loss to the extent that it reverses a revaluation decrease of digital currencies previously recognized in profit or loss. The fair value of digital currencies on hand at the end of the reporting period is calculated as the quantity of digital currencies on hand multiplied by the price quoted on blockchain.com as at the reporting date.

The Company has continued to classify digital currencies on hand at the end of a period as current asset as management has determined that cryptocurrency markets have sufficient liquidity to allow conversion within the Company's normal operating cycle.

The Company values its Bitcoin based on the price quoted on blockchain.com which is an average of quoted rates from various cryptocurrency exchanges. The principal market or most advantageous market is always unknown. The Company believes any price difference amongst the principal market and the average of quoted rates to be immaterial. Management considers this fair value to be a level 2 input under

# Cathedra Bitcoin Inc.

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Year ended December 31, 2021

(In Canadian Dollars)



### 3. Changes in Accounting Policies (cont'd)

IFRS 13 fair value measurement fair value hierarchy as the price on this source represents the average quoted prices on multiple digital currency exchanges. The Company has evaluated the changes in accounting policies and the impact on its prior period comparatives is as follows:

#### Consolidated Statement of Income and Comprehensive Income

##### Statement of Income and Comprehensive Income

	<i>Amount previously reported</i>	<i>Change</i>	<i>Amount restated</i>
Net income	\$ 5,054,286	\$ (3,541,228)	\$ 1,513,058
Other comprehensive income	\$ 140,800	\$ 3,541,228	\$ 3,682,028
Net comprehensive income	\$ 5,195,086	\$ -	\$ 5,195,086

#### Consolidated Statement of Cash Flow

	<i>Amount previously reported</i>	<i>Change</i>	<i>Amount restated</i>
<b>Operating activities</b>			
Net income	\$ 5,054,286	\$ (3,541,228)	\$ 1,513,058
Depreciation	348,705	-	348,705
Share-based compensation	-	-	-
Revaluation of digital currencies	-	-	-
Impairment recovery	(2,519,521)	-	(2,519,521)
Interest expenses	4,701	-	4,701
Interest income	(97,821)	-	(97,821)
Gain on sale of digital currencies	-	-	-
Foreign exchange	(16,864)	-	(16,864)
Income tax expense	-	-	-
Change in non-cash working capital components	-	-	-
Deposits	(89,517)	-	(89,517)
Receivables	11,289	-	11,289
Prepaid expenses	102,250	-	102,250
Biological assets	-	-	-
Accounts payables and accrued liabilities	53,230	-	53,230
Interest payable	-	-	-
Digital currencies	(6,179,792)	3,541,228	(2,638,564)
Cash flows used in operating activities	(3,329,054)	-	(3,329,054)
Interest received	131,923	-	131,923
<b>Net cash flows used in operating activities</b>	<b>\$ (3,197,131)</b>	<b>\$ -</b>	<b>\$ (3,197,131)</b>

#### Consolidated Statement of Changes in Equity

	<i>Amount previously reported</i>	<i>Change</i>	<i>Amount restated</i>
Revaluation surplus	\$ -	\$ 3,541,228	\$ 3,541,228
Accumulated deficit	\$ (7,432,470)	\$ (3,541,228)	\$ (10,973,698)

# Cathedra Bitcoin Inc.

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## Notes to the Consolidated Financial Statements

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### 4. Digital Currencies and Revenue

For the year ended December 31, 2021, the Company recorded revenue of \$7,801,311 (December 31, 2020 - \$1,026,329) of which \$7,801,311 (December 31, 2020 - \$748,744) was from mining revenue and \$nil was from sublease revenue (December 31, 2020 - \$277,585).

#### Mining Revenue

Digital currencies are recorded at their fair value on the date they are received as revenues and are revalued to their current market value at each reporting date. Fair value is determined by using the daily price of Bitcoin from blockchain.com.

Bitcoin	Units	Amount
Balance of Bitcoin as at December 31, 2019	-	\$ -
Revenue from Bitcoin mined	52.10	748,744
Bitcoin purchased	116.10	1,889,820
Revaluation of Bitcoin	-	3,541,228
Balance of Bitcoin as at December 31, 2020	168.20	6,179,792
Revenue from Bitcoin mined	120.24	7,801,311
Bitcoin purchased	90.00	3,824,165
Bitcoin paid for fees and services	(28.13)	(2,013,900)
Bitcoin sold	(180.00)	(6,390,352)
Bitcoin donated	(1.06)	(68,857)
Revaluation of Bitcoin	-	592,134
Balance of Bitcoin as at December 31, 2021	169.25	\$ 9,924,292

#### Sublease Revenue

On March 27, 2019, the Company entered into the Sublease Agreement with WeHash to lease the Washington Mine to WeHash for a fixed fee of US\$25,000 payable at every thirty-day period.

On May 16, 2019, the Sublease Agreement was amended whereby the US\$25,000 payable at every thirty-day period is replaced by the Consulting Fee for the custody, mining of Bitcoin, sale of Bitcoin and transferring proceeds from sale of Bitcoin to the Company in US dollars. The Company receives all cash proceeds from the sale of all the Bitcoin mined in the Washington Mine. From the net profit from the mining operations (revenue less electricity, WeHash fee, insurance, internet lease costs, regulatory and state taxes), WeHash is paid a 10% consulting fee (the "Consulting Fee"). The Consulting Fee does not exceed US\$10,000 or US\$10,000 Bitcoin equivalent per month.

	December 31, 2021	December 31, 2020
Revenue from WeHash amended arrangement*	\$ -	\$ 277,585

\* Revenue from the WeHash amended arrangement is recorded based on the fair value of Bitcoins mined by WeHash at the time they are received.

# Cathedral Bitcoin Inc.

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### 5. Biological Assets

	<b>Livestock</b>
Balance at December 31, 2019 and 2020	\$ -
Additions and purchases – immature biological assets	<b>163,297</b>
Changes in fair value unrealized	-
Balance at December 31, 2021	<b>\$ 163,297</b>

### 6. Deposits

As of December 31, 2021, the Company has a deposit balance of \$18,948,825 (December 31, 2020 – \$200,174).

The total is comprised of \$98,888 (December 31, 2020 - \$99,310) deposit held by Grant County Public Utility District, \$99,143 (December 31, 2020 - \$99,564) rent and damage deposit for the Washington Mine and \$1,300 (December 31, 2020 - \$1,300) deposit for the Company's Vancouver office as long-term deposits and \$18,705,121 deposit for bitcoin miners and \$44,373 deposit with NYDIG as short-term deposits.

On October 29, 2021, the Company has purchased 4,500 Bitmain Antminers which are expected to be delivered from April through September 2022.

On November 16, 2021, the Company has purchased an additional 600 Bitmain Antminers which are expected to be delivered from July through December 2022. The Company is required to pay 40% of the total purchase price.

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### 7. Property and Equipment

	Land (\$)	Livestock Equipment (\$)	Facility Asset (\$)	Miners (\$)	Equipment (\$)	Miners (not- available for use) (\$)	Equipment under production (\$)	Office Equipment (\$)	Total (\$)
<b>Cost</b>									
Balance, December 31, 2019	-	-	442,916	746,577	-	-	-	6,351	1,195,844
Impairment recovery	-	-	2,301,446	218,076	-	-	-	-	2,519,522
Translation adjustment	-	-	(8,730)	(14,716)	-	-	-	-	(23,446)
<b>Balance, December 31, 2020</b>	-	-	<b>2,735,632</b>	<b>949,937</b>	-	-	-	<b>6,351</b>	<b>3,691,920</b>
Additions	1,720,602	185,525	402,949	12,623,892	1,976,997	930,807	177,499	1,825	18,020,096
Translation adjustment	(702)	13,544	(12,205)	119,674	(2,958)	(1,393)	1,397	-	117,357
<b>Balance, December 31, 2021</b>	<b>1,719,900</b>	<b>199,069</b>	<b>3,126,376</b>	<b>13,693,503</b>	<b>1,974,039</b>	<b>929,414</b>	<b>178,896</b>	<b>8,176</b>	<b>21,829,373</b>
<b>Accumulated depreciation</b>									
Balance, December 31, 2019	-	-	162,401	464,954	-	-	-	3,478	630,833
Additions	-	-	91,467	249,250	-	-	-	2,117	342,834
Translation adjustment	-	-	(7,831)	(21,783)	-	-	-	-	(29,614)
<b>Balance, December 31, 2020</b>	-	-	<b>246,037</b>	<b>692,421</b>	-	-	-	<b>5,595</b>	<b>944,053</b>
Additions	-	15,956	506,534	1,558,969	82,160	-	-	908	2,164,527
Translation adjustment	-	(105)	4,323	811	231	-	-	-	5,260
<b>Balance, December 31, 2021</b>	-	<b>15,851</b>	<b>756,894</b>	<b>2,252,201</b>	<b>82,391</b>	-	-	<b>6,503</b>	<b>3,113,840</b>
<b>Carrying amount</b>									
Balance, December 31, 2020	-	-	2,489,595	257,516	-	-	-	756	2,747,867
<b>Balance, December 31, 2021</b>	<b>1,719,900</b>	<b>183,218</b>	<b>2,369,482</b>	<b>11,441,302</b>	<b>1,891,648</b>	<b>929,414</b>	<b>178,896</b>	<b>1,673</b>	<b>18,715,533</b>

Depreciation expense of \$2,147,663 (2020 - \$340,712) is included in cost of revenue.

During the year-ended December 31, 2021, the Company tested its Cash Generating Unit for impairment (“CGU”). Management assessed for any indicators of impairment and did not note any indicators of impairment regarding its CGUs.

During the year ended 2020, the recoverable amount of the CGU by calculating the higher of the fair value less costs of disposal and value in use and determined that the events and circumstances which led to the fiscal year 2019’s impairment charges no longer exist. Consequently, at December 31, 2020, the Company recorded a reversal of prior years’ impairment charges of \$2,519,521.

# Cathedra Bitcoin Inc.

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### 8. Right-of-use asset and lease liability

On December 15, 2020, the Company extended its lease for its Washington Mine for an additional five years. Depreciation of right-of-use assets is calculated using the straight-line method over the remaining lease term.

<b>Washington Mine</b>		<b>Total</b>
<b>Cost</b>		
Balance, December 31, 2019	\$	-
Additions		700,394
Translation adjustment		(550)
Balance, December 31, 2020		700,944
Additions		-
Translation adjustment		2,973
Balance, December 31, 2021		697,971
<b>Depreciation</b>		
Balance, December 31, 2019		-
Additions		5,876
Translation adjustment		35
Balance, December 31, 2020	\$	5,841
Additions		138,042
Translation adjustment		1,528
Balance, December 31, 2021	\$	145,411
<b>Net book value</b>		
Balance, December 31, 2020	\$	695,103
Balance, December 31, 2021	\$	552,560

Depreciation expense of \$138,042 (2020 - \$5,876) is included in cost of revenue.

The present value of future lease payments was measured using an incremental borrowing rate of 8% per annum.

<b>Lease liability</b>		
Balance, December 31, 2020	\$	698,487
Additions		-
Interest expense on lease liability		50,765
Payments on lease liability		(117,732)
Translation adjustment		(55,048)
Balance, December 31, 2021		576,472
Less: Current portion		128,934
Balance, December 31, 2021	\$	447,538

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### 8. Right-of-use asset and lease liability (cont'd)

<b>Lease liability</b>	
Balance, December 31, 2019	\$ -
Additions	700,394
Interest expense on lease liability	4,701
Payments on lease liability	(7,172)
Translation adjustment	564
Balance, December 31, 2020	698,487
Less: Current portion	119,560
Balance, December 31, 2020	\$ 578,927

At December 31, 2021, the Company is committed to minimum lease payments as follows:

	<b>December 31,</b>
<b>Maturity analysis</b>	<b>2021</b>
Less than one year	\$ 170,392
One to three years	504,077
Three to five years	-
Total undiscounted lease liabilities	674,469
Amount representing implicit interest	(97,997)
Lease liability	\$ 576,472

### 9. Accounts payable and accrued liabilities

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Accounts payable	\$ 1,490,469	\$ 108,568
Accrued liabilities	938,934	145,711
Due to related parties (Note 14)	55,009	-
	\$ 2,484,412	\$ 254,279

### 10. Investments

On November 12, 2021, the Company had subscribed for limited liability company interests in Low Time Preference Fund II, LLC, for a total value of \$312,925 (US\$250,000). The investment in the private company is classified as FVTPL and are recorded at fair value using unobservable inputs and are therefore classified as level 3 within the fair value hierarchy.



# Cathedra Bitcoin Inc.

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### 11. Loan payable

On December 21, 2021, the Company entered into an equipment financing agreement with NYDIG ABL for total proceeds of \$837,670 (US\$648,000) bearing an interest rate of 15% per annum which will be repaid over the next 18 months. The loan payable is collateralized by the bitcoin mining machines purchased for the Washington Mine during the year ended December 31, 2021.

On July 26, 2021, the Company entered into an equipment financing agreement for total proceeds of \$97,060 (US\$56,280) bearing nil% interest rate which will be repaid over the next 36 months.

	Total
Balance, December 31, 2020	\$ -
Additions	934,730
Interests	3,800
Payments	(13,236)
Transaction fee	(3,806)
Translation adjustment	(16,136)
Balance, December 31, 2021	\$ 905,352
Less: Current portion	555,720
Long term portion	\$ 349,632

### 12. Convertible loan

On October 20, 2021, the Company completed its non-brokered private placement of 20,000 of 3.5% senior secured convertible debenture units (the "Convertible Debenture Units"), for aggregate gross proceeds of \$20,000,000, due 36 months following the date of issuance ("Convertible Loan"). On November 5, 2021, the Company completed an additional 5,000 Convertible Units, for aggregate gross proceeds of \$5,000,000 Convertible Loan. The Company incurred total transaction cost of \$163,610. As at December 31, 2021, the interest payable is \$155,556.

Each Convertible Debenture Unit consists of (i) \$1,000 principal amount of senior secured convertible debenture of the Company (each, a "Debenture"); and (ii) 641 common share purchase warrants of the Company (each, a "Warrant"), with each Warrant exercisable for one common share of the Company (a "Common Share"). Each Warrant shall entitle the holder to acquire one Common Share (a "Warrant Share") at an exercise price of CDN\$0.95 per Warrant Share for a period of 60 months from the date of issuance. Upon the Offering being fully subscribed, there would be CDN\$25,000,000 principal of Debentures outstanding convertible for approximately 32,051,282 Common Shares, and approximately 16,025,000 Warrants exercisable for 16,025,000 Common Shares. Interest will be payable quarterly.

The Company allocated the proceeds of \$25,000,000 first to derivative component for \$18,155,564, with the residual value to the equity component for \$6,844,436.

#### Liability Component

	December 31, 2021
Value on initial recognition	\$ 18,155,564
Transaction costs	(118,814)
Accretion expense	312,951
Total	\$ 18,349,701

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## Notes to the Consolidated Financial Statements

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### 12. Convertible loan (cont'd)

#### Equity Component

	December 31, 2021
Convertible loan – equity	\$ 6,844,436
Transaction costs	(44,796)
Total	\$ 6,799,640

### 13. Share Capital

#### a. Authorized

Unlimited number of common shares without par value

#### b. Issued and outstanding

On March 26, 2021, the Company completed a private placement for total gross proceeds of \$9,300,000 in exchange for 14,794,700 units of the Company. Each unit is composed of one common share of the Company and one common share purchase warrant (“Warrant”). Each Warrant is exercisable to acquire one common share at a price of \$0.82 per Warrant at any time on or before the date which is 60 months after the closing date of the offering.

As consideration for the services of the broker, the Company issued 887,682 broker warrants. Each broker warrant entitles the holder to acquire an additional unit at a price of \$0.63 for a period of 60 months, expiring on March 26, 2026. Each unit is composed of one common share of the Company and one common share purchase warrant (“Warrant”). Each Warrant is exercisable to acquire one common share at a price of \$0.82 per Warrant at any time on or before March 26, 2026. The value of the broker warrants was estimated at \$578,704 using the relative fair value model. In addition, the Company paid cash commissions the brokers of \$559,240 and other cash share issuance costs of \$167,898.

On July 27, 2020, the Company announced its intention to commence a normal course issuer bid (the “NCIB”) to purchase up to 5,688,227 of its common shares representing 8% of its 71,177,984 common shares issued and outstanding as of July 27, 2020. The NCIB commenced on July 29, 2020 and will terminate upon the earliest of (i) the Company purchasing 5,688,227 common shares, (ii) the Company providing notice of termination of the NCIB, and (iii) July 28, 2021.

During the year ended December 31, 2021, the Company issued 1,700,000 common shares for stock options exercised for total proceeds of \$258,000.

During the year ended December 31, 2020, the Company repurchased and cancelled 1,450,000 common shares for \$195,324 including \$5,051 of transaction fees.

There were no transactions during the year ended December 31, 2019.

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### 13. Share Capital (cont'd)

#### b. Escrow shares

Pursuant to the reverse takeover transaction ("RTO") dated August 16, 2018, a portion of the common shares, warrants and options issued as part of the transaction are subject to escrow restrictions. Pursuant to the escrow agreements, the shares were released 25% respectively on August 20, 2018 and 6 and 12 months after the date of the Final Exchange Bulletin respecting the RTO and the remaining 25% will be released 18 months thereafter.

As at December 31, 2021, the Company has nil common shares in escrow (December 31, 2020 – 750,000).

#### c. Restricted share units

The Company has established a Restricted Share Unit Plan (the "RSU Plan"). Currently, the RSU Plan has a limit of 8 million shares, which is not rolling. The Board may, in its own discretion, at any time, and from time to time, grant RSUs to any employee, director or consultant of the Company or its subsidiaries (collectively, "Eligible Persons"), other than persons conducting investor relations activities, subject to the limitations set forth in the RSU Plan. The Board may designate one or more performance periods under the RSU Plan. In respect of each designated performance period and subject to the terms of the RSU Plan, the Board may from time to time establish the grant date and grant to any Eligible Person one or more RSUs as the Board deems appropriate. Under the RSU Plan, the number of shares issuable pursuant to the RSUs to any Eligible Person shall not exceed 1.5% of the issued and outstanding shares at the time of the award and 2.5% of the issued and outstanding shares in any twelve month period. For the year ended December 31, 2021, the Company recognized share-based compensation expense of \$144,164 (2020 - \$nil).

Following is a summary of changes in restricted share units outstanding for the year ended December 31, 2021:

	Outstanding
Balance, December 31, 2020	-
Granted	7,587,244
Balance, December 31, 2021	7,587,244

#### d. Stock options

During the year ended December 31, 2021, the Company:

- granted 100,000 stock options exercisable at \$0.51 expiring three years from the date of the grant vesting immediately to management. The fair value per options granted was \$0.38 and the share-based compensation expense recognized for the year ended December 31, 2021, was \$38,015;
- granted 250,000 stock options exercisable at \$0.485 expiring five years from the date of the grant to management. 100,000 stock options vest immediately on the date of the grant and 50,000 on each six month anniversary of the date of grant thereafter. The fair value per options granted was \$0.38 and the share-based compensation expense recognized for the year ended December 31, 2021 was \$71,428;

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Year ended December 31, 2021

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### 13. Share Capital (cont'd)

#### d. Stock options (cont'd)

- granted 650,000 stock options exercisable at \$0.56 expiring five years from the date of the grant to management. The stock options vest immediately on the date of the grant. The fair value per options granted was \$0.52 and the share-based compensation expense recognized for the year ended December 31, 2021 was \$276,759;
- granted 2,000,000 stock options exercisable at \$0.49 expiring five years from the date of the grant vesting vest three months after the date of the grant and every three months thereafter to a director. The value per option granted was \$0.40 and the share-based compensation expense recognized for the year ended December 31, 2021 was \$492,807.; and
- granted 88,841 stock options exercisable at \$0.53 expiring five years from the date of the grant to management. 88,841 stock options vest six months after the date of grant and every six months thereafter. The fair value per options granted was \$0.44 and the share-based compensation expense recognized for year ended December 31, 2021 was \$974.

During the year ended December 31, 2020, the Company did not grant any stock options.

The following weighted average assumptions were used in the valuation of stock options granted in the Black-Scholes Option Pricing model:

	<b>2021</b>
Risk-free interest rate	<b>0.48% - 1.29%</b>
Expected life (years)	<b>4.94</b>
Annualized volatility	<b>120.27%</b>
Dividend rate	<b>0.00%</b>

The following is a summary of changes in stock options:

	<b>Options outstanding</b>	<b>Weighted-average exercise price (\$)</b>
Balance, December 31, 2019	6,474,928	0.33
Expired	(1,050,000)	0.50
Balance, December 31, 2020	5,424,928	0.29
Granted	3,088,841	0.51
Exercised	(1,700,000)	0.15
Expired	(138,428)	0.65
Balance, December 31, 2021	6,675,341	0.42

The stock options outstanding and exercisable as at December 31, 2021, are as follows:

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### 13. Share Capital (cont'd)

#### d. Stock options (cont'd)

Outstanding	Exercisable	Exercise price (\$)	Expiry date
384,500	384,500	0.500	February 19, 2028
1,200,000	1,200,000	0.600	February 19, 2028
102,000	102,000	0.600	August 15, 2028
500,000	500,000	0.125	February 6, 2022
1,400,000	1,400,000	0.150	February 6, 2022
100,000	100,000	0.510	May 3, 2024
250,000	100,000	0.485	August 27, 2026
2,000,000	500,000	0.490	September 1, 2026
650,000	650,000	0.560	September 24, 2026
88,841	-	0.530	December 21, 2026
6,675,341	4,936,500		

For the year ended December 31, 2021, the Company recognized share-based compensation expense of \$879,983 (2020 - \$nil). The weighted average remaining life of the stock options is 2.06 years.

#### e. Warrants

Following is a summary of changes in warrants outstanding for the year ended December 31, 2021:

	Warrants	Weighted-average exercise price (\$)
Balance, December 31, 2019	10,000,000	0.50
Expired	(2,307,692)	0.50
Balance, December 31, 2020	7,692,308	0.50
Issued	31,707,382	0.88
Balance, December 31, 2021	39,399,690	0.81

The warrants outstanding as at December 31, 2021, are as follows:

Outstanding	Exercise price (\$)	Expiry date
3,846,154	0.50	December 21, 2022
3,846,154	0.50	January 7, 2023
14,794,700	0.82	March 26, 2026
887,682	0.63	March 26, 2026
16,025,000	0.95	November 11, 2026
39,399,690	0.81	

The weighted average remaining life of the warrants is 6.50 years.

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### 14. Related Party Transactions

#### *Key Management Compensation*

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of the Company's corporate officers.

The remuneration of directors and other members of key management personnel during the year ended December 31, 2021, and 2020, are as follows:

Year ended December 31, 2021	Salaries	Professional Fees	Share-based compensation	Total
Chief Executive Officer	\$ 33,096	\$ -	\$ 209,092	\$ 242,188
Chief Operating Officer and President	33,096	-	209,092	242,188
Former Chief Executive Officer	-	60,938	-	60,938
Chief Financial Officer	-	72,500	109,443	181,943
Directors	-	172,433	492,807	665,240
	<u>\$ 66,192</u>	<u>\$ 305,871</u>	<u>\$ 1,020,434</u>	<u>\$ 1,392,497</u>

Year ended December 31, 2020	Salaries	Professional Fees	Share-based compensation	Total
Former Chief Executive Officer	\$ -	\$ 84,375	\$ -	\$ 84,375
Chief Financial Officer	-	60,000	-	60,000
Non-executive directors	-	168,000	-	168,000
	<u>\$ -</u>	<u>\$ 312,375</u>	<u>\$ -</u>	<u>\$ 312,375</u>

At December 31, 2021, the Company owes a balance recorded within accounts payable and accrued liabilities:

- \$11,317 to the CEO of the Company;
- \$11,317 to the COO and President of the Company;
- \$7,875 to a company controlled by the CFO of the Company; and
- \$24,500 to the independent directors of the Company.

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### 15. Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
Income (loss) before income taxes	\$	1,848,716	\$	1,513,058
- Statutory tax rate		27.0%		27.0%
- Expected income tax expense (recovery) at the statutory tax rate	\$	499,153	\$	408,526
Non-deductible items and other				
- Change in statutory, foreign tax, foreign exchange rates and other		(70,468)		526,101
- Permanent difference		2,023,522		(376)
- Utilization of non-capital losses		-		(132,246)
- Change in deferred tax benefits not recognized		(1,135,714)		(971,479)
- Adjustment to prior years provision versus statutory tax returns		-		169,474
Income tax expense	\$	1,316,493	\$	-

The approximate tax effect of each item that gives rise to the Company's deferred tax assets as at December 31, 2021 and 2020 are as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
Deferred income tax assets				
Non-capital losses	\$	192,074	\$	-
Other		(6,185)		-
Net deferred income tax assets	\$	185,889	\$	-

The Company's movement of net deferred tax assets is described below:

	Year ended December 31, 2021		Year ended December 31, 2020	
At January 1	\$	-	\$	-
Deferred income tax recovery through statement of profit or loss		185,889		-
At December 31	\$	185,889	\$	-

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### 15. Income Taxes (cont'd)

The Company has the following deductible temporary differences that have been recognized.

	December 31, 2021	Expiry date range	December 31, 2020	Expiry date range
<b>Deferred tax assets (liabilities)</b>				
Digital currencies	\$ -	No expiry	\$ (3,538,809)	No expiry
Property and equipment	\$ (562,696)	No expiry	\$ 192,427	No expiry
Capital lease	\$ 552,560	No expiry	\$ -	No expiry
Share issuance costs	\$ -	2034 to 2040	\$ 471,590	2034 to 2040
Non-capital losses				
Canada	\$ -	2038 to 2041	\$ 2,088,637	2038 to 2040
UK	\$ 108,268	No expiry	\$ -	No expiry
USA	\$ 807,029	No expiry	\$ 5,299,685	No expiry

### 16. Financial Instruments and Risk Management

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and commodity price risk.

#### *Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The financial instruments that represent a potential concentration of credit risk consist primarily of cash, digital currencies, deposits and receivables. The Company limits its exposure to credit loss by placing its deposits with Tier-1 Canadian financial institutions. All the receivables are current and relates to Goods and Services Taxes. The carrying amount of financial assets represents the maximum credit exposure.

	December 31, 2021	December 31, 2020
Cash	\$ 9,443,618	\$ 7,048,050
Digital currencies	9,924,292	6,179,792
Deposit	18,749,494	200,174
Receivables	90,197	17,662
	<b>\$ 38,207,602</b>	<b>\$ 13,445,678</b>

The Company believes it has no significant credit risk.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. The Company manages its liquidity risk by ensuring that it has enough cash to meet its financial liabilities. As at December 31, 2021, the Company had a working capital surplus of \$33,762,992, the majority of which is comprised of a cash balance of \$9,443,618, digital currencies balance of \$9,924,292 and deposits of \$18,749,494 to settle current liabilities of \$4,633,710. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.



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### 16. Financial Instruments and Risk Management (cont'd)

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as Bitcoin prices, interest rates, foreign exchange rates and equity prices.

#### *Bitcoin*

The Company has digital currencies, Bitcoin, on December 31, 2021, that is subject to market pricing and price volatility. The Company recorded a gain on revaluation of digital currencies in the amount of \$1,128,548 during the year ended December 31, 2021 (December 31, 2020 - \$3,541,228). Digital currencies have a limited history and have had a high degree of price volatility. The historical performance of digital currencies may not be indicative of their future performance. A decline in the fair value of these digital currencies could have a significant impact on the Company's earnings. In addition, the Company may not be able to liquidate its inventory of digital currency at its desired price if required.

The Company does not hedge its Bitcoin balances but will actively monitor Bitcoin pricing, market volatility and its own balance of Bitcoin to determine an appropriate risk mitigation strategy.

#### *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The interest rate risk on bank deposits is insignificant as the deposits are short term.

#### *Foreign currency risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as the entities operated in Canada holds financial assets in US dollars while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

If the US dollar had changed against the Canadian dollar by 10% at year end, the Company's net loss and comprehensive loss after taxes would change by approximately \$3,828,761, resulting from the translation of the US dollar denominated financial instruments.

#### *Custody risk*

The Company holds its digital currencies with a top tier custodian. The Company's custody strategy is designed to maximize liquidity and efficient sourcing of its digital currencies by making those assets readily available to deploy. The Company constantly monitors its cash and the digital currencies balance it maintains with its custodian.

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### 16. Financial Instruments and Risk Management (cont'd)

#### *Custody risk (cont'd)*

Prior to onboarding a new custodian, the Company performs extensive due diligence procedures, which include, but are not limited to, internal control procedures to ensure security, availability, integrity and confidentiality of custodian's information and systems. The Company's custodian is SOC 2 Type II certified and undergo a SOC 2 Type II review on an ongoing basis. The Company reviews its custodian's SOC 2 report to ensure they maintain a secure technology infrastructure and that their systems are designed and operating effectively. Additionally, the Company reviews its own complementary user entity controls in conjunction with the custodian's controls to ensure that applicable trust services criteria can be met. The Company has no reason to believe it will incur any expense associated with security breach, computer malware and computer hacking attacks because (i) it has no known or historical experience of claims to use as a basis of measurement, (ii) it accounts for and continually certifies the amount of digital assets within its controls, and (iii) it has established security around custodial private keys to minimize the risk of theft or loss.

#### *Loss of access risk*

The loss of access to the private keys associated with the Company's digital currencies holdings may be irreversible and could adversely affect an investment. Digital currencies controllable only by an individual that possesses both the unique public key and private key or key relating to the "digital wallet" in which the cryptocurrency is held. To the extent a private key is lost, destroyed or otherwise compromised and no backup is accessible, the Company may be unable to access the digital currencies. At December 31, 2021, 4.04 bitcoin equivalent to \$241,298 are held with the Company's digital wallet. The remaining bitcoin are held with the Company's third party custodian. Subsequent to year end, all bitcoin were held with the Company's third party custodian.

#### *Fair value hierarchy*

The Company applied the following fair value hierarchy for financial instruments that are carried at fair value. The hierarchy prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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### 16. Financial Instruments and Risk Management (cont'd)

The Company's cash is measured at level 1 fair value.

The carrying value of the Company's receivables and accounts payable and accrued liabilities, accrued GIC interest receivable and interest payable approximates fair value because of the relatively short periods to maturity of these instruments and the low credit risk.

### 17. Capital Management

The Company's objective when managing capital is to maintain liquidity while providing returns to shareholders and benefits for other stakeholders.

The Company includes equity, comprised of share capital and deficit in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources for its operations and to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company monitors capital on the basis of maintaining sufficient cash flow to comply with financial obligations.

### 18. Segmented Information

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The following summarizes relevant financial information geographically. The Company's bitcoin mining operations are located in the USA and its livestock business is located in UK.

<b>December 31, 2021</b>	<b>Canada</b>	<b>USA</b>	<b>UK</b>	<b>Total</b>
Revenue	\$ -	\$ 7,801,311	\$ -	\$ 7,801,311
Cost of sales	\$ -	\$ 5,969,329	\$ -	\$ 5,969,329
Income tax expense (recovery)	\$ 1,316,493	\$ (185,889)	\$ -	\$ 1,130,604
Net income/(loss)	\$ (637,321)	\$ 1,463,701	\$ (108,268)	\$ 718,112
Non-current assets	\$ 314,598	\$ 17,748,522	\$ 1,907,915	\$ 19,971,035

<b>December 31, 2020</b>	<b>Canada</b>	<b>USA</b>	<b>UK</b>	<b>Total</b>
Revenue	\$ -	\$ 1,026,329	\$ -	\$ 1,026,329
Cost of sales	\$ -	\$ 1,289,731	\$ -	\$ 1,289,731
Income tax expense	\$ -	\$ -	\$ -	\$ -
Net income/(loss)	\$ (732,136)	\$ 2,245,194	\$ -	\$ 1,513,058
Non-current assets	\$ -	\$ 3,623,144	\$ -	\$ 3,623,144

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### 19. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

### 20. Subsequent Events

Subsequent to December 31, 2021, the Company:

- On February 3, 2022, the Company entered into an equipment financing agreement with NYDIG ABL ("NYDIG Financing") that will provide approximately US\$17 million (Cdn\$21.6 million) in proceeds to fund the expansion of the Company's diversified bitcoin mining operations for total proceeds of US\$5,562,000 (Cdn\$7.1 million) incurring a closing fee of US\$111,240 bearing an interest rate of 14% per annum which will be repaid over the next 24 months. The loan payable is collateralized by the 4,500 bitcoin miners purchased (Note 6).

On April 11, 2022, the Company advanced US\$5,356,500 from the NYDIG Financing, incurring a closing cost of US\$107,130 bearing an interest rate of 14% per annum which will be repaid over the next 24 months. The loan is collateralized by the 1,500 bitcoin miners purchased.

- Issued 1,000,000 common shares for the exercise of 1,000,000 stock options for total proceeds of \$150,000.